

# **Joe Morolong**

## **MUNICIPALITY**



**JOE MOROLONG**  
LOCAL MUNICIPALITY

[These financial statements have not been audited]

## **FINANCIAL STATEMENTS**

**30 JUNE 2010**

# JOE MOROLONG LOCAL MUNICIPALITY

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# JOE MOROLONG LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Joe Morolong Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Joe Morolong Municipality includes the following areas:

*Wards 1 to 11*

#### MUNICIPAL MANAGER

*P J Sampson*

#### CHIEF FINANCIAL OFFICER

*T J Mohutsiwa*

#### REGISTERED OFFICE

*D320 Cardington Road, Churchill Village, 8474*

#### AUDITORS

*The Auditor General - Northern Cape*

#### PRINCIPLE BANKERS

*ABSA Bank*

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

# JOE MOROLONG LOCAL MUNICIPALITY

## MEMBERS OF THE JOE MOROLONG LOCAL MUNICIPALITY

### MEMBERS OF COUNCIL

Councillor	T L Seikaneng	(Mayor)
Councillor	M I Mothibakeledi	(Speaker)
Councillor	M R Maheng	(Exco Member)
Councillor	S Motloun	(Exco Member)
Councillor	M S Nkgobang	(Exco Member)
Councillor	M D Moremi	
Councillor	K G Gasehete	
Councillor	M G Sephekolo	
Councillor	O E Leshope	
Councillor	E O Leshope	
Councillor	M L Phuduhudu	
Councillor	O A Motsiele	
Councillor	B M Mbolekwa	
Councillor	O R Kokoi	
Councillor	M E Mochwari	
Councillor	K S Ditshetelo	
Councillor	O H Kgopodithata	
Councillor	K J Gaborokwe	
Councillor	T M Phele	
Councillor	T P Tshipo	
Councillor	L Motlhaping	

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 51 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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*P J Sampson*  
**Municipal Manager**

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**Date**

**JOE MOROLONG LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010**

	Notes	2010 R	2009 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>54 150 828</b>	<b>26 942 287</b>
Accumulated Surplus		54 150 828	26 942 287
<b>Non-Current Liabilities</b>		<b>3 583 907</b>	<b>4 361 149</b>
Long-term Liabilities	2	3 583 907	4 361 149
Non-Current Provisions	3	-	-
<b>Current Liabilities</b>		<b>35 573 559</b>	<b>29 898 485</b>
Current Employee benefits	4	1 464 512	362 867
Provisions	5	-	-
Trade and other payables	6	5 049 328	4 407 115
Unspent Conditional Government Grants and Receipts	7	28 164 451	24 271 254
Current Portion of Long-term Liabilities	2	895 268	857 248
<b>Total Net Assets and Liabilities</b>		<b>93 308 294</b>	<b>61 201 921</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>57 321 077</b>	<b>22 395 353</b>
Property, Plant and Equipment	9	56 994 027	22 089 565
Investment Property	10	-	-
Intangible Assets	11	-	-
Non-Current Investments	12	327 050	305 788
<b>Current Assets</b>		<b>35 987 217</b>	<b>38 806 568</b>
Inventory	13	-	-
Trade Receivables from exchange transactions	14	-	514 326
Other Receivables from non-exchange transactions	15	20 100	71 764
Unpaid Conditional Government Grants and Receipts	7	800 478	-
Operating Lease Asset	16.1	-	-
Taxes	8	6 080 959	3 425 095
Cash and Cash Equivalents	17	29 085 680	34 795 384
<b>Total Assets</b>		<b>93 308 294</b>	<b>61 201 921</b>

**JOE MOROLONG LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 R	2009 R	Adjustments * R	2009 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>82 464 625</b>	<b>74 050 329</b>	<b>19 268 487</b>	<b>54 781 842</b>
<b>Transfer Revenue</b>		<b>82 464 625</b>	<b>74 050 329</b>	<b>19 268 487</b>	<b>54 781 842</b>
Government Grants and Subsidies - Capital	18	29 973 267	19 319 736	19 319 736	-
Government Grants and Subsidies - Operating	18	52 491 358	54 730 593	(51 249)	54 781 842
<b>Revenue from Exchange Transactions</b>		<b>1 299 388</b>	<b>2 055 360</b>	<b>(282 694)</b>	<b>2 338 054</b>
Interest Earned - external investments		1 073 483	2 008 564	-	2 008 564
Other Income	19	225 905	46 796	(282 694)	329 490
<b>Total Revenue</b>		<b>83 764 012</b>	<b>76 105 688</b>	<b>18 985 793</b>	<b>57 119 896</b>
<b>EXPENDITURE</b>					
Employee related costs	20	17 822 405	11 316 047	(464 085)	11 780 132
Remuneration of Councillors	21	5 216 727	3 806 195	3 806 195	-
Debt Impairment	22	574 168	-	-	-
Repairs and Maintenance		3 851 032	2 493 190	(25 342)	2 518 532
Finance Charges	23	114 040	106 164	106 164	-
Capital Charges		-	-	(40 115)	40 115
Contributions to fixed assets		-	-	(1 154 981)	1 154 981
Other Operating Grant Expenditure		12 724 887	23 306 917	23 306 917	-
General Expenses	24	16 252 211	11 827 517	(26 154 289)	37 981 806
<b>Total Expenditure</b>		<b>56 555 471</b>	<b>52 856 029</b>	<b>(619 537)</b>	<b>53 475 567</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>27 208 541</b>	<b>23 249 659</b>	<b>19 605 330</b>	<b>3 644 329</b>

\* - Adjustments due to changes in accounting policy and correction of errors - Refer to notes 25, 26 and 27

**JOE MOROLONG LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Housing Development Fund</b>	<b>Accumulated Surplus</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 1 JULY 2008</b>	<b>1 790 048</b>	<b>6 971 119</b>	<b>8 761 167</b>
Correction of error - See Note 26.04	(1 790 048)	-	(1 790 048)
Correction of error - Refer note 26.12	-	(244 957 328)	(244 957 328)
Change in accounting policy - See Note 25.07	-	241 678 837	241 678 837
<b>Restated Balance at 1 JULY 2008</b>	<b>-</b>	<b>3 692 628</b>	<b>3 692 628</b>
Net Surplus/(Deficit) for the year	-	23 249 659	23 249 659
<b>Balance at 30 JUNE 2009</b>	<b>-</b>	<b>26 942 287</b>	<b>26 942 287</b>
Net Surplus/(Deficit) for the year	-	27 208 541	27 208 541
<b>Balance at 30 JUNE 2010</b>	<b>-</b>	<b>54 150 828</b>	<b>54 150 828</b>

# JOE MOROLONG LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		83 119 205	66 647 284
Cash paid to suppliers and employees		(54 123 405)	(50 155 204)
Cash generated by operations	<b>28</b>	28 995 800	16 492 080
Interest Received		1 073 483	2 008 564
Interest Paid	<b>23</b>	(114 040)	(106 164)
<b>Net Cash from Operating Activities</b>		<b>29 955 243</b>	<b>18 394 479</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	<b>9</b>	(34 904 462)	(21 761 156)
Decrease/(Increase) in Non-current Investments	<b>12</b>	(21 262)	(29 207)
<b>Net Cash from Investing Activities</b>		<b>(34 925 724)</b>	<b>(21 790 362)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans raised/(repaid)		(739 220)	1 114 573
<b>Net Cash from Financing Activities</b>		<b>(739 220)</b>	<b>1 114 573</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5 709 704)</b>	<b>(2 281 310)</b>
Cash and Cash Equivalents at the beginning of the year		34 795 384	37 076 693
Cash and Cash Equivalents at the end of the year	<b>29</b>	29 085 680	34 795 384
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5 709 704)</b>	<b>(2 281 310)</b>



**ACCOUNTING PRINCIPLES AND POLICIES NOTES APPLIED IN THE  
FINANCIAL STATEMENTS**

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**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 "Determining the GRAP Reporting Framework", issued by the Accounting Standards Board.

The standards are summarised as follows:

<b>GRAP 1</b>	Presentation of Financial Statements
<b>GRAP 2</b>	Cash Flow Statements
<b>GRAP 3</b>	Accounting Policies, Changes in Accounting Estimates and Errors
<b>GRAP 4</b>	The Effects of changes in Foreign Exchange Rates
<b>GRAP 5</b>	Borrowing Costs
<b>GRAP 6</b>	Consolidated and Separate Financial Statements
<b>GRAP 7</b>	Investments in Associate
<b>GRAP 8</b>	Interests in Joint Ventures
<b>GRAP 9</b>	Revenue from Exchange Transactions
<b>GRAP 10</b>	Financial Reporting in Hyperinflationary Economics
<b>GRAP 11</b>	Construction Contracts
<b>GRAP 12</b>	Inventories
<b>GRAP 13</b>	Leases
<b>GRAP 14</b>	Events after the reporting date
<b>GRAP 16</b>	Investment Property
<b>GRAP 17</b>	Property, Plant and Equipment (PPE)
<b>GRAP 19</b>	Provisions, Contingent Liabilities and Contingent Assets
<b>GRAP 100</b>	Non-Current Assets Held for Sale and Discontinued Operations
<b>GRAP 101</b>	Agricultural
<b>GRAP 102</b>	Intangible assets
<b>IPSAS 20</b>	Related Party Disclosure
<b>IFRS 3 (AC140)</b>	Business Combinations
<b>IFRS 4 (AC141)</b>	Insurance Contracts
<b>IFRS 6 (AC143)</b>	Exploration for and Evaluation of Mineral Resources
<b>IFRS 7 (AC144)</b>	Financial Instruments: Disclosure
<b>IAS 12 (AC102)</b>	Income Taxes

<b>IAS 19 (AC116)</b>	Employee Benefits
<b>IAS 32 (AC125)</b>	Financial Instruments: Presentation
<b>IAS 39 (AC133)</b>	Recognition and Measurement
<b>SIC – 20 (AC421)</b>	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
<b>SIC – 25 (AC425)</b>	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
<b>SIC – 29 (AC429)</b>	Service Concessions Arrangements – Disclosures
<b>IFRIC 2 (AC435)</b>	Members' Shares in Co-operative Entities and Similar Instruments
<b>IFRIC 4 (AC437)</b>	Determining whether an Arrangement contains a Lease
<b>IFRIC 9 (AC442)</b>	Reassessment of Embedded Derivatives
<b>IFRIC 12 (AC445)</b>	Service Concession Arrangements
<b>IFRIC 13 (AC446)</b>	Customer Loyalty Programmes
<b>IFRIC 14 (AC447)</b>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
<b>IFRIC 15 (AC448)</b>	Agreements for the Construction of Real Estate
<b>IFRIC 16 (AC449)</b>	Hedges in a Net Investment in a Foreign Operation

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The municipality converted from IMFO to GRAP in the current year and the comparative figures were restated accordingly. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards :

GRAP 12 – Inventories  
GRAP 16 – Investment Property  
GRAP 17 – Property, Plant and Equipment  
GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets  
GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations  
GRAP 102 – Intangible Assets

## **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

### **1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

### **1.4. COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1, has been provided in the notes and an annexure to these financial statements. The annexure forms part of the annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### **1.5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

<b>GRAP 18</b>	Segment Reporting
<b>GRAP 21</b>	Impairment of non-cash-generating assets
<b>GRAP 23</b>	Revenue from Non-Exchange Transactions (Taxes and Transfers)
<b>GRAP 24</b>	Presentation of Budget Information in Financial Statements
<b>GRAP 25</b>	Employee Benefits
<b>GRAP 26</b>	Impairment of cash-generating assets
<b>GRAP 103</b>	Heritage Assets
<b>GRAP 104</b>	Financial Instruments

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

Principles of GRAP 23 were applied in formulating the accounting treatment of non-exchange revenue, where the application of only GAMAP 9, as required by GRAP 9 until GRAP 23 is effective, is insufficient.

### **1.6. LEASES**

#### **1.6.1 Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised

at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

#### **1.6.2 Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### **1.7. UNSPENT CONDITIONAL GRANTS**

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested separately or as part of the municipality's Cash and Cash Equivalents until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### **1.8. PROVISIONS**

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the

current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

## **1.9. EMPLOYEE BENEFITS**

### **(a) *Accrued Leave Pay***

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

## **1.10. BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other

than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

## **1.11. PROPERTY, PLANT AND EQUIPMENT**

### **1.11.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### **1.11.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### **1.11.3 Depreciation and Impairment**

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of property, plant and equipment. Provisional amounts is included in the financial statements.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is

available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Buildings	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-30	Landfill sites	15
Libraries	20-30	Quarries	25
Parks and gardens	15-20	Emergency equipment	10
Other assets	15-20	Computer equipment	3
<b><u>Finance lease assets</u></b>			
Office equipment	5		
Other assets	5		

#### **1.11.4 De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.12. INTANGIBLE ASSETS**

#### **1.12.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that

are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### **1.12.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### **1.12.3 Amortisation and Impairment**

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of intangible assets. Only provisional amounts are included in the financial statements.

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<b><u>Intangible Assets</u></b>	<b><u>Years</u></b>
Computer Software	5
Computer Software Licenses	5

#### **1.12.4 De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as



the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.13. INVESTMENT PROPERTY**

#### **1.13.1 Initial Recognition**

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

#### **1.13.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### **1.13.3 Depreciation and Impairment**

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of investment property.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<b><u>Investment Property</u></b>	<b><u>Years</u></b>
Buildings	30

Land

Not depreciated

#### **1.13.4 De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.14. NON-CURRENT ASSETS HELD FOR SALE**

#### **1.14.1 Initial Recognition**

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of non-current assets held for sale.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

#### **1.14.2 Subsequent Measurement**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

### **1.15. IMPAIRMENT OF NON-FINANCIAL ASSETS**

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of non-financial assets.

### **1.16. INVENTORIES**

#### **1.16.1 Initial Recognition**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **1.16.2 Subsequent Measurement**

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of water and land held for sale.

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

## **1.17. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

### **1.17.1 Initial Recognition**

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

### **1.17.2 Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

#### **1.17.2.1 Trade and Other Receivables**

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and

default or delinquency in payments (more than 90 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.17.2.2      Trade Payables and Borrowings**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

All outstanding payments on the cash book are disclosed under trade and other payables in the financial statements.

**1.17.2.3      Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Outstanding payments on the cash book are disclosed under trade and other payables.

### **1.17.3 De-recognition of Financial Instruments**

#### **1.17.3.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **1.17.3.2 Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### **1.17.4 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **1.18. REVENUE**

### **1.18.1 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

### **1.18.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **1.18.3 Grants, Transfers and Donations (Non-Exchange Revenue)**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised. To qualify as a conditional grant, the conditions of the grant must be clearly stipulated including:

- 1) The required outputs and outcomes; and
- 2) That any unspent portion must be repaid to the grantor.

#### **1.19. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

#### **1.20. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.21. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.22. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.23. CONTINGENT LIABILITIES**

All known contingent liabilities are reflected in the financial statements.

#### **1.24. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### ***Operating lease commitments – the Municipality as lessor***

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

##### ***Impairment of trade receivables***



The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

***Property, plant and equipment***

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

***Provisions and contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

***Revenue Recognition***

Accounting Policy 1.18.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.18.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation note 1.19 above). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.25. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**1.26. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		2010 R	2009 R
<b>1</b>	<b>NET ASSET RESERVES</b>		
	Housing Development fund	-	-
	Balance previously reported		1 554 087
	Correction of error - Refer note 26.04		(1 554 087)
	<b>Total Net Asset Reserve and Liabilities</b>	<b>-</b>	<b>-</b>
<b>2</b>	<b>LONG-TERM LIABILITIES</b>		
	Annuity Loans - At amortised cost	3 975 017	4 520 580
	Balance previously reported		4 520 580
	Correction of error - Refer note 26.05		-
	Capitalised Lease Liability - At amortised cost	504 158	697 817
	Balance previously reported		-
	Change in accounting policy - Refer note 25.02		697 817
		<b>4 479 175</b>	<b>5 218 397</b>
	<b>Less:</b> Current Portion transferred to Current Liabilities	<b>895 268</b>	<b>857 248</b>
	Annuity Loans - At amortised cost	551 032	545 563
	Balance previously reported		-
	Correction of error - Refer note 26.06		545 563
	Capitalised Lease Liability - At amortised cost	344 235	311 685
	Balance previously reported		-
	Change in accounting policy - Refer note 25.03		311 685
		<b>3 583 907</b>	<b>4 361 149</b>

There is one annuity loan outstanding. The loans carries interest at 1% per annum and will be fully redeemed on 30 June 2017.

The obligations under annuity loans are scheduled below

Amounts payable under annuity loans:

	<b>Minimum annuity payments</b>	
Payable within one year	589 420	589 420
Payable within two to five years	2 357 682	2 357 682
Payable after five years	1 178 841	1 768 261
	<b>4 125 943</b>	<b>4 715 363</b>
<b>Less:</b> Future finance obligations	<b>(150 926)</b>	<b>(194 783)</b>
<b>Present value of annuity obligations</b>	<b>3 975 017</b>	<b>4 520 580</b>

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

	<b>Minimum lease payments</b>	
Payable within one year	379 515	374 393
Payable within two to five years	165 440	417 061
Payable after five years	-	-
	<b>544 955</b>	<b>791 454</b>
<b>Less:</b> Future finance obligations	<b>(40 797)</b>	<b>(93 637)</b>
<b>Present value of lease obligations</b>	<b>504 158</b>	<b>697 817</b>

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Leases are secured by property, plant and equipment - Note 5

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**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		2010 R	2009 R
<b>3</b>	<b>NON-CURRENT PROVISIONS</b>		
	Provision for Rehabilitation of Landfill-sites	-	-
	<b>Total Non-current Employee Benefit Liabilities</b>	<b>-</b>	<b>-</b>
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 48.1		
<b>4</b>	<b>CURRENT EMPLOYEE BENEFITS</b>		
	Staff Leave	1 464 512	362 867
	Balance previously reported		-
	Change in accounting policy - refer note 25.04		362 867
	<b>Total Current Employee Benefits</b>	<b>1 464 512</b>	<b>362 867</b>
	The movement in current employee benefits are reconciled as follows:		
	<u><b>Staff Leave</b></u>		
	Balance at beginning of year	362 867	289 174
	Contribution to current provision	1 101 645	73 694
	Balance at end of year	<b>1 464 512</b>	<b>362 867</b>
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement. The total balance was previously disclosed under provisions.		
<b>5</b>	<b>PROVISIONS</b>		
	Current Portion of Rehabilitation of Landfill Sites - Note 3	-	-
		-	-
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 48.1		
<b>6</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Trade Payables	5 038 543	4 015 143
	Balance previously reported		7 387 120
	Correction of error - Refer note 26.01		(3 371 977)
	Arrear portion of long term liabilities	-	22 599
	Balance previously reported		-
	Correction of error - Refer note 26.01		22 599
	Retentions	-	270 001
	Balance previously reported		-
	Correction of error - Refer note 26.01		270 001
	Sundry Creditors	10 785	99 372
	Balance previously reported		3 091
	Correction of error - Refer note 26.01		96 281
	<b>Total Trade Payables</b>	<b>5 049 328</b>	<b>4 407 115</b>
	Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.		
<b>7</b>	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
	<b>Unspent Grants</b>	28 164 451	24 271 254
	National and Provincial Government Grants	28 164 451	24 271 254
	<b>Less:</b> Unpaid Grants	800 478	-
	National and Provincial Government Grants	800 478	-
	<b>Total Conditional Grants and Receipts</b>	<b>27 363 973</b>	<b>24 271 254</b>

**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b><u>Reconciliation of total Conditional Grants and receipts</u></b>		
Balance previously reported		12 423 946
Correction of error - Refer note 26.1		11 847 308
		<u>24 271 254</u>

Refer to appendix D and note 18 for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

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**TAXES**

VAT Receivable	6 080 959	3 425 095
Balance previously reported		-
Correction of error - Refer note 26.02		3 425 095
<b>Net VAT receivable</b>	<b><u>6 080 959</u></b>	<b><u>3 425 095</u></b>

VAT is payable and receivable on the cash basis.



**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		2010 R	2009 R
<b>10</b>	<b>INVESTMENT PROPERTY</b>		
	<b>Net Carrying amount at 30 June</b>	-	-
	Cost	-	-
	Accumulated Depreciation	-	-
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 48.3		
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
<b>11</b>	<b>INTANGIBLE ASSETS</b>		
	<b>Computer Software and website</b>	-	-
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 48.4		
<b>12</b>	<b>NON-CURRENT INVESTMENTS</b>		
	Fixed Deposits	327 050	305 788
	Balance previously reported		-
	Correction of error - refer note 26.09		305 788
	<b>Total Non-Current Investments</b>	<b>327 050</b>	<b>305 788</b>
	Fixed Deposits are investments with a maturity period of more than 12 months. The investment attracts an interest of 6.95 % per annum. (2009 - 10.56 %)		
	Fixed deposits consist out of the following accounts		
	ABSA Fixed Deposit - Account number 20-6360-4388	327 050	305 788
		<b>327 050</b>	<b>305 788</b>
<b>13</b>	<b>INVENTORY</b>		
	Water – at cost	-	-
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 48.5		
<b>14</b>	<b>TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	Rentals	522 505	514 326
	<b>Total Service Receivables</b>	<b>522 505</b>	<b>514 326</b>
	Less: Allowance for Doubtful Debts	(522 505)	-
	<b>Net Service Receivables</b>	<b>-</b>	<b>514 326</b>
	<b><u>Reconciliation of allowance for doubtful Debts</u></b>		
	Opening Balance	-	-
	Contribution to provision	522 505	-
	<b>Total</b>	<b>522 505</b>	<b>-</b>

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**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		2010 R	2009 R
<b>15</b>	<b>OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	Accrued Interest	-	-
	Balance previously reported		302 201
	Correction of error - Refer note 26.03		(302 201)
	Deposits	20 100	20 100
	Other Debtors	51 664	51 664
	<b>Total Service Receivables</b>	<b>71 764</b>	<b>71 764</b>
	Less: Allowance for Doubtful Debts	(51 664)	-
	<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>20 100</b>	<b>71 764</b>
	<b><u>Reconciliation of allowance for doubtful Debts</u></b>		
	Opening Balance	-	-
	Contribution to provision	51 664	-
	<b>Total</b>	<b>51 664</b>	<b>-</b>
<b>16</b>	<b>OPERATING LEASE ARRANGEMENTS</b>		
<b>16.1</b>	<b>The Municipality as Lessor</b>		
	<b>Balance on 1 July</b>	-	-
	Movement during the year	-	-
	<b>Balance on 30 June</b>	<b>-</b>	<b>-</b>
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	15 800	12 000
	1 to 5 Years	1 200	11 000
	More than 5 Years	-	-
	<b>Total Operating Lease Arrangements</b>	<b>17 000</b>	<b>23 000</b>
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out for pervious ranging until 2012		
<b>17</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	<b><u>Assets</u></b>		
	Call Investments Deposits	20 638 166	19 587 158
	Balance previously reported		-
	Correction of error - Refer note 26.08		19 587 158
	Primary Bank Account	8 447 514	15 208 226
	Balance previously reported		7 513 326
	Correction of error - Refer note 26.08		7 694 900
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>29 085 680</b>	<b>34 795 384</b>
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	All outstanding payments on the cash book are disclosed under trade and other payables.		
	The municipality has the following bank accounts:		
	<b><u>Current Accounts</u></b>		
	<b><i>ABSA Bank - Kuruman Branch - Account Number 4054 38 5292 (Primary Account)</i></b>		
	Cash book balance at beginning of year	15 208 226	16 566 760
	Cash book balance at end of year	8 447 514	15 208 226
	Bank statement balance at beginning of year	15 208 226	16 566 760
	Bank statement balance at end of year	8 447 421	15 208 226

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**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

<b>Call Investment Deposits</b>	<b>2010 R</b>	<b>2009 R</b>
Call investment deposits consist out of the following accounts:		
<u>Institution</u>	<u>Account Nr</u>	<u>Type</u>
ABSA	90-9988-9345	32 Days Notice
ABSA	90-9268-8429	Call deposit
ABSA	91-5245-5805	Call deposit
Standard bank	54-8529973 -001	Call deposit
Standard bank	54-8529973 -002	Call deposit
FNB	62-2471-177-09	Call deposit
	<u>20 638 166</u>	<u>19 587 158</u>

**18 GOVERNMENT GRANTS AND SUBSIDIES**

<b>Unconditional Grants</b>	<b>38 467 586</b>	<b>29 150 817</b>
Equitable Share	38 467 586	29 150 817
<b>Conditional Grants</b>	<b>43 997 039</b>	<b>44 899 512</b>
Grants and Donations	43 997 039	44 899 512
Subsidies	-	-
<b>Total Government Grants and Subsidies</b>	<b>82 464 625</b>	<b>74 050 329</b>
Government Grants and Subsidies - Capital	29 973 267	19 319 736
Government Grants and Subsidies - Operating	52 491 358	54 730 593
	<u>82 464 625</u>	<u>74 050 329</u>

The municipality does not expect any significant changes to the level of grants

**18.01 Equitable share**

Opening balance	-	-
Grants received	38 467 586	29 150 817
Conditions met - Operating	(38 467 586)	(29 150 817)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

**18.02 Municipal Systems Improvement Grant (MSIG)**

Opening balance	103 879	-
Grants received	850 000	423 700
Conditions met - Operating	(265 298)	(319 821)
Conditions still to be met	688 581	103 879

This grant was used to assist in building capacity in the district and local municipalities to ensure that the new developmental system of local government is fully implemented.

**18.03 Finance Management Grant (FMG)**

Opening balance	383 929	497 180
Grants received	1 000 000	500 000
Conditions met - Operating	(1 102 462)	(481 479)
Conditions met - Capital	(45 194)	(131 772)
Conditions still to be met	236 273	383 929

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).



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**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		<b>2010 R</b>	<b>2009 R</b>
<b>18.04</b>	<b>MIG</b>		
	Opening balance	12 537 714	15 633 921
	Grants received	34 129 000	14 371 000
	Conditions met - Operating	-	(4 750)
	Conditions met - Capital	(28 786 084)	(17 462 456)
	Conditions still to be met	<u>17 880 630</u>	<u>12 537 714</u>
	MIG is a conditional grant that was established to address national priorities regarding municipal infrastructure that may not be realised through unconditional grants such as equitable share. Among other conditions no MIG funds may be spent outside the framework of the municipality's pre-existing Integrated Development Plan and its approved budget.		
<b>18.05</b>	<b>Social Development</b>		
	Opening balance	2 400 000	2 400 000
	Conditions met - Operating	(1 388 240)	-
	Conditions still to be met	<u>1 011 760</u>	<u>2 400 000</u>
	This grant is used for the improvement of the social welfare of the community.		
<b>18.06</b>	<b>DWAFF Water Services</b>		
	Opening balance	3 242 647	4 358 918
	Grants received	5 309 254	21 260 420
	Conditions met - Operating	(8 882 978)	(22 376 691)
	Conditions met - Capital	(140 159)	-
	Conditions still to be met/(Grant expenditure to be recovered)	<u>(471 236)</u>	<u>3 242 647</u>
	The grant is used for basic water services meaning Basic Water Supply Facilities/ or Basic Sanitation Facilities as defined in the Strategic Framework for Water Services, approved by Cabinet September 2003.		
<b>18.07</b>	<b>ACIP Water and Sanitation</b>		
	Opening balance	-	-
	Grants received	4 749 699	-
	Conditions met - Operating	(2 090 000)	-
	Conditions still to be met	<u>2 659 699</u>	<u>-</u>
	This grant is utilised for the improvement of water and sanitation infrastructure in the community.		
<b>18.08</b>	<b>Heuningvlei Bulk Water supply</b>		
	Opening balance	-	-
	Grants received	759 804	-
	Conditions met - Capital	(1 001 829)	-
	Grant expenditure to be recovered	<u>(242 025)</u>	<u>-</u>
	This grant is utilised for the improvement of water infrastructure in the community.		
<b>18.09</b>	<b>Housing</b>		
	Opening balance	1 554 087	1 790 048
	Conditions met - Operating	(1 835)	(235 961)
	Conditions still to be met/(Grant expenditure to be recovered)	<u>1 552 252</u>	<u>1 554 087</u>
	Housing grants was utilised for the development of erven and the erection of top structures		
<b>18.10</b>	<b>Other Grants</b>		
	Opening balance	4 048 997	5 968 326
	Grants received	292 000	1 967 253
	Conditions met - Operating	(292 959)	(2 161 075)
	Conditions met - Capital	-	(1 725 507)
	Conditions still to be met	<u>4 048 039</u>	<u>4 048 997</u>
		<b>2010 R</b>	<b>2009 R</b>
<b>18.11</b>	<b>Total Grants</b>		
	Opening balance	24 271 254	30 648 393
	Grants received	85 557 343	67 673 190
	Conditions met - Operating	(52 491 358)	(54 730 593)
	Conditions met - Capital	<u>(29 973 267)</u>	<u>(19 319 736)</u>

**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Conditions still to be met		27 363 973	24 271 254
<u>Disclosed as follows:</u>			
Unspent Conditional Government Grants and Receipts		28 164 451	24 271 254
Unpaid Conditional Government Grants and Receipts		(800 478)	-
		<u>27 363 973</u>	<u>24 271 254</u>
<b>19</b>	<b>OTHER INCOME</b>		
Renting Property		53 629	28 509
Sale of Pre-paid water		22 240	-
Tender Documents		32 832	18 287
Miscellaneous		117 204	-
<b>Total Other Income</b>		<b><u>225 905</u></b>	<b><u>46 796</u></b>
<b>20</b>	<b>EMPLOYEE RELATED COSTS</b>		
Employee Related Costs - Salaries and Wages		9 556 409	5 976 396
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids		1 005 509	636 662
Travel, Motor Car, Accommodation, Subsistence and Other Allowances		4 339 389	3 654 927
Housing Benefits and Allowances		1 003 217	712 671
Overtime Payments		637 808	-
Bonuses		159 236	259 613
Contribution to leave		1 101 645	73 694
Relocation costs		14 730	-
Industrial Council Levy		4 463	2 084
<b>Total Employee Related Costs</b>		<b><u>17 822 405</u></b>	<b><u>11 316 047</u></b>
<b>KEY MANAGEMENT PERSONNEL</b>			
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.			
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>			
<b><i>Remuneration of the Municipal Manager</i></b>			
Annual Remuneration		330 000	558 377
Housing Subsidy		17 000	12 750
Medical Aid		47 388	28 269
Transport Allowance		202 992	175 994
Pension		-	77 740
UIF Contribution		1 497	1 997
Industrial Council Contribution		45	56
<b>Total</b>		<b><u>598 922</u></b>	<b><u>855 183</u></b>
<b><i>Remuneration of the Corporate Services Manager</i></b>			
Annual Remuneration		285 813	187 124
Housing Subsidy		17 000	17 000
Transport Allowance		177 890	188 921
Pension		77 169	69 210
UIF Contribution		1 497	1 497
Industrial Council Contribution		45	41
<b>Total</b>		<b><u>559 414</u></b>	<b><u>463 794</u></b>
<b><i>Remuneration of the Community Services Manager</i></b>			
Annual Remuneration		268 746	195 672
Housing Subsidy		17 000	17 000
Medical Aid		26 136	22 752
Transport Allowance		162 164	219 221
Pension		72 597	60 210
UIF Contribution		1 497	1 497
Industrial Council Contribution		45	41
<b>Total</b>		<b><u>548 185</u></b>	<b><u>516 394</u></b>

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**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010 R</b>	<b>2009 R</b>
<b><i>Remuneration of the Chief Financial Officer</i></b>		
Annual Remuneration	296 508	160 010
Housing Subsidy	41 000	41 000
Medical Aid	39 192	34 116
Transport Allowance	156 672	171 474
Pension	80 057	71 800
UIF Contribution	1 497	1 497
Industrial Council Contribution	45	41
<b>Total</b>	<b>614 970</b>	<b>479 939</b>
<b><i>Remuneration of the Technical Services Manager</i></b>		
Annual Remuneration	285 813	142 273
Housing Subsidy	17 000	17 000
Medical Aid	49 800	43 356
Transport Allowance	177 890	191 572
Pension	77 169	68 657
UIF Contribution	1 497	1 497
Industrial Council Contribution	45	41
<b>Total</b>	<b>609 214</b>	<b>464 397</b>
<b><i>Remuneration of the Integrated Development Planning Manager</i></b>		
Annual Remuneration	227 516	-
Housing Subsidy	15 583	-
Medical Aid	47 498	-
Transport Allowance	136 094	-
UIF Contribution	1 497	-
Industrial Council Contribution	45	-
<b>Total</b>	<b>428 233</b>	<b>-</b>
<b>21 REMUNERATION OF COUNCILLORS</b>		
Mayor	676 233	436 299
Speaker	523 558	340 456
Executive Committee Members	1 476 312	627 850
Councillors	2 494 456	1 287 660
Other Councillors' contributions and allowances	46 167	1 113 930
<b>Total Councillors' Remuneration</b>	<b>5 216 727</b>	<b>3 806 195</b>
<b><i>Certification by the Municipal Manager</i></b>		
I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.		
.....		
<b>Signed: Municipal Manager</b>		
<b>22 DEBT IMPAIRMENT</b>		
Trade Receivables from exchange transactions - Note 14	522 505	-
Other Receivables from non-exchange transactions - Note 15	51 664	-
<b>Total Contribution to Impairment Provision</b>	<b>574 168</b>	<b>-</b>
<b>23 FINANCE CHARGES</b>		
DBSA loan	44 104	42 567
Finance leases	69 935	63 597
<b>Total finance charges</b>	<b>114 040</b>	<b>106 164</b>

**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		2010 R	2009 R
<b>24</b>	<b>GENERAL EXPENSES</b>		
	Advertisements	427 027	401 515
	Audit Fees	872 699	589 747
	Bank Charges	82 392	69 532
	Capacity Building	258 260	287 486
	Cellphones	578 495	420 379
	Cemeteries	46 028	534 908
	Ceremonial events	365 116	104 239
	Community participation	323 944	298 429
	Consultancy fees	1 853 299	128 185
	Electricity consumption	625 052	151 546
	Fuel and oil	2 731 744	470 983
	Indigent subsidies	2 683 622	3 417 668
	Insurance	564 886	314 616
	Legal cost	313 419	258 122
	Private security	288 077	107 055
	Pump operators cost	859 058	229 096
	SMME support	432 523	864 423
	Sports, arts & culture	47 872	327 107
	Sportsfield	-	308 422
	Subsistence & traveling	685 086	624 354
	Telephone	223 223	87 738
	Ward committees expenses	210 902	334 319
	Other	1 779 488	1 497 647
	<b>General Expenses</b>	<b>16 252 211</b>	<b>11 827 517</b>

**25 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3**

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality accounted for under the Institute of Municipal Finance Officers (IMFO) Accountants arising from the implementation of General Recognised Accounting Practice (GRAP):

		2009 R
<b>25.01</b>	<b>Loans Redeemed and Other Capital Receipts</b>	
	<b>Balance previously reported:</b>	(264 918 308)
	Transfer of balance on 30 June 2008 to Accumulated Surplus/(Deficit) - Note 25.07	241 545 879
	Transfer of 2008/2009 movement to Accumulated Surplus/(Deficit) - Note 27	22 793 406
	Transfer of 2008/2009 movement to Accumulated Surplus/(Deficit) (Contribution to Reserves) - Note 27	1 154 981
	Assets purchased from DBSA funds incorrectly not recognised - Refer note 26.11	(575 958)
	<b>Total</b>	<b>-</b>
<b>25.02</b>	<b>Long-term Liabilities</b>	
	Recognition of finance lease liability on 30 June 2008 - Note 25.07	195 452
	Recognition of finance lease liability for 2008/2009 - Note 27	502 365
	<b>Total</b>	<b>697 817</b>
<b>25.03</b>	<b>Short-term Portion of Long term liabilities</b>	
	Implementation of GRAP - short term portion of capitalised lease liability	311 685
		<b>311 685</b>
<b>25.04</b>	<b>Current Employee Benefits</b>	
	Reallocation of leave balance from provisions - Note 25.05	362 867
	<b>Total</b>	<b>362 867</b>
<b>25.05</b>	<b>Provisions</b>	
	<b>Balance previously reported</b>	362 867
	Reallocation of leave balance to current employee benefits - Note 25.04	(362 867)
	<b>Total</b>	<b>-</b>

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**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		2009 R
<b>25.06</b>	<b>Property, Plant and Equipment - GRAP 17</b>	
	Property, Plant and Equipment financed through leases previously not recognised - 30 June 2008 - Note 25.07	328 409
	Property, Plant and Equipment financed through leases previously not recognised for 2008/2009 - Note 27	710 480
	<b>Total</b>	<b>1 038 889</b>
		<b>2009 R</b>
<b>25.07</b>	<b>Accumulated Surplus</b>	<b>2008 R</b>
	<b>Implementation of GRAP</b>	
	Transfer from Loans Redeemed and Other Capital Receipts (30 June 2008) - Note 25.01	- 241 545 879
	Recognition of finance lease liability on 30 June 2008 not previously recognised - Note 25.02	- (195 452)
	Recognition of finance lease assets on 30 June 2008 not previously recognised - Note 25.06	- 328 409
	<b>Total</b>	<b>- 241 678 837</b>
<b>26</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>	<b>2009 R</b>
<b>26.01</b>	<b>Trade and other payables</b>	
	<b>Balance previously reported</b>	<b>7 390 210</b>
	Reallocation of arrear portion of long term liabilities to payables - Refer note 26.05	22 599
	Correction of unsupported difference between trial balance and financial statements - Trade payable:	(4 963 459)
	Correction of unsupported difference between trial balance and financial statements - Sundry Creditors (Vote also included in debtors)	1 910
	Reversal of direct payment 2886, 2887, 2888, 2889, 2890, 2891, 2892, 2894, 2895, 2897 on 24/10/2008 not through bank and not on bank statement	330
	Recognition of councillors garnishee orders received - Refer note 26.08	17 825
	Recognition of unidentified deposits - Refer note 26.08	5 710
	Reversal of journal 121 incorrectly passed on 6/3/2009 - Refer note 26.08	(12 329)
	Reversal of cheque 12223 and 12224	3 230
	Reversal of cheque 12756 and 12838	250
	Reversal of cheque 13630 and 13648	44 100
	Reversal of journal 151 and 168 incorrectly passed on 9/6/2009 and 30/6/2009	(11 671)
	Reversal of duplicate entry on Damrose project (14402 and 14405)	(1 836 733)
	Reversal of duplication of retention on Damrose project	(270 001)
	Transfer of retentions from trade payables to retentions	(540 003)
	Transfer of retentions from trade payables	540 003
	Transfer of outstanding payments on June 2009 bank reconciliation from cash and cash equivalents - Refer note 26.08	4 015 143
		<b>4 407 115</b>
<b>26.02</b>	<b>Taxes</b>	
	<b>Balance previously reported</b>	<b>-</b>
	Transfer from trade and other payables - Notes 26.01	4 011 841
	Transfer from trade and other receivables - Notes 26.03	(2 452)
	Correction of VAT incorrectly claimed on loan repayment - Refer note 26.05	(92 846)
	Correction of VAT balance on 1 July 2008 - Refer note 26.12	(246 174)
	Reversal of duplicate entry (cheque 12131) - Refer note 26.05	(8 185)
	Correction of VAT incorrectly claimed on cheque - Refer note 26.11	(129)
	Reversal of direct payment 2750 and 2804 not on bank statement - Refer note 26.05	699
	Reversal of journal 147 incorrectly passed on 19/5/2009 - Refer note	(900)
	Reversal of cheques 11360, 11373, 11395 and 11433	(91)
	Reversal of cheque 12057	16 924
	Capture June 2010 Direct payments	(28 028)
	Reversal of cheque 13348	(225 564)
	Reversal of duplicate entry on Damrose project (14402 and 14405)	<b>3 425 095</b>

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**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2009 R
<b>26.03 Trade and other receivables</b>	
<b>Balance previously reported</b>	<b>4 895 641</b>
Transfer to taxes - Notes 26.02	(4 011 841)
Reallocation of interest incorrectly recognised as accrued - Refer note 26.0£	(29 207)
Reallocation of interest incorrectly recognised as accrued - Refer note 26.0£	(272 994)
Reversal of debtor receipts not supported by entries on the bank statement (April 2009)	4 491
	<b>586 089</b>
<b><u>Disclosed as follows:</u></b>	
Trade Receivables from exchange transactions	514 326
Other Receivables from non-exchange transactions	71 764
	<b>586 089</b>
<b>26.04 Housing development fund</b>	
<b>Balance previously reported</b>	<b>1 554 087</b>
Reallocation of housing grants incorrectly recognised as a housing development fund (30 June 2008)- Refer note 26.1	(1 790 048)
Reversal of transactions during 2008/2009 - Refer note 26.1	235 961
	<b>-</b>
<b>26.05 Long term liabilities</b>	
Annuity Loans - At amortised cost	-
Correction of unsupported difference between trial balance and financial statements	644 321
Recognition of finance charges on long term liabilities - Refer note 27	42 567
Assets purchased from DBSA funds not capitalised- Refer note 26.11	36 250
Reallocation of grant received from DBSA - Refer note 27	(657 972)
Reversal of incorrect entry to recognise amount payable on 30 June 2009 - Refer note 27	(22 599)
Correction of VAT incorrectly claimed on loan repayment - Refer note 26.0£	(2 452)
Reallocation of loan repayment from statement of financial performance - Refer note 27	(17 516)
Reallocation of arrear portion of long term liabilities to payables - Refer note 26.01	(22 599)
Correction of short term portion on annuity loans previously not disclosed - Refer note 26.0£	(545 563)
	<b>(545 563)</b>
<b>26.06 Short-term Portion of Long term liabilities</b>	
Correction of short term portion on annuity loans previously not disclosed - Refer note 26.0£	545 563
	<b>545 563</b>
<b>26.07 Investments</b>	
<b>Balance previously reported</b>	<b>19 590 745</b>
Reallocation of long term investments to non-current investments - Refer note 26.0£	(276 581)
Reallocation of short term investments to cash and cash equivalents - Refer note 26.0£	(19 314 164)
	<b>-</b>

**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

<b>26.08</b>	<b>Cash and Cash equivalents</b>	<b>2009 R</b>
	<b>Balance previously reported</b>	<b>7 513 326</b>
	Reallocation of short term balances from Investments - Refer note 26.07	19 314 164
	Reallocation of interest incorrectly recognised as accrued - Refer note 26.03	272 994
	Correction of interest received incorrectly debited against surplus - Refer note 26.12	1 676 582
	Capturing of IEC receipts not recorded in 2008/2009 - Note 27	1 841
	Reversal of duplicate entry (cheque 12131) - Refer note 26.02	2 004 559
	Capturing of fruitless expenditure (VAT scam) - Refer note 27	(66 800)
	Recognition of maintenance contract payments not captured - Refer note 27	(6 080)
	Recognition of tender deposits not captured - Refer note 27	600
	Recognition of bank charges not captured - Refer note 27	(6 009)
	Reversal of cheques 11135, 11217 and 11232 - Refer note 26.12	4 040
	Reversal of direct payment 2750 and 2804 not on bank statement - Refer note 27	3 545
	Reversal of direct payment 2886, 2887, 2888, 2889, 2890, 2891, 2892, 2894, 2895, 2897 on 24/10/2008 not through bank not on bank statement	18 158
	Correction of journal 95 - Refer note 26.12	(100)
	Recognition of councillors garnishee orders received - Refer note 26.01	17 825
	Recognition of rental of farm land - Refer note 27	2 800
	Recognition of unidentified deposits - Refer note 26.01	5 710
	Reversal of entry 99999 incorrectly passed on 16/2/2009 - Refer note 26.12	67 885
	Reversal of journal 121 incorrectly passed on 6/3/2009 - Refer note 26.01	(12 329)
	Reversal of debtor receipts not supported by entries on the bank statement (April 2009) - Refer notes 27 and 26.03	(5 301)
	Reversal of journal 147 incorrectly passed on 19/5/2009 - Refer note 27	(5 698)
	Reversal of cheques 11360, 11373, 11395 and 11433	8 391
	Reversal of cheque 11453	400
	Reversal of cheques 11701, 11712 and 11715 issued in September 2008	4 484
	Reversal of stale cheque 11994, 11998, 12000, 12002, 12003	5 600
	Reversal of cheque 12057	741
	Reversal of cheque 12223 and 12224	3 230
	Reversal of cheque 12445 and 12540	52 825
	Reversal of cheque 12756 and 12838	2 750
	Reversal of cheque 13630 and 13648	54 552
	Capture June 2009 Direct payments	(137 807)
	Capture May 2009 Direct payments	(216 906)
	Reversal of cheque 13348	228 228
	Reversal of journal 151 and 168 incorrectly passed on 9/6/2009 and 30/6/2009	(27 961)
	Transfer of outstanding payments on bank reconciliation to trade and other payables - Refer note 26.01	4 015 143
		<b>34 795 384</b>
<b>26.09</b>	<b>Non Current Investments</b>	
	<b>Balance previously reported</b>	<b>-</b>
	Reallocation of long term investments from current investments - Refer note 26.07	276 581
	Reallocation of interest incorrectly recognised as accrued - Refer note 26.03	29 207
		<b>305 788</b>
<b>26.10</b>	<b>Unspent/Unpaid Government grants and subsidies</b>	
	<b>Balance previously reported</b>	<b>12 423 946</b>
	Reallocation of housing grants incorrectly recognised as a housing development fund (30 June 2008)- Refer note 26.04	1 790 048
	Reallocation of transactions incorrectly recognised against Housing Development Fund 2008/2009 - Refer note 26.04	(235 961)
	Reversal of entry incorrectly recognised against surplus - Refer note 26.12	250 300
	Correction of unsupported difference between Trial balance and financial statements (MIG)	8 906 343
	Correction of unsupported difference between Trial balance and financial statements (DWAFF)	(2 513 501)
	Reversal of cheques 11360, 11373, 11395 and 11433	6 431
	Reversal of duplicate entry (cheque 12131)	1 758 385
	Correction of VAT incorrectly claimed on cheque	(8 185)
	Reversal of duplicate entries on MIG grant (14402 and 14405)	1 881 170
	Reversal of duplicate entry on premises clearing grant	12 277
		<b>24 271 254</b>

**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2009 R	2008 R
<b>26.11 Property, plant and equipment</b>		
Assets purchased from DBSA funds not capitalised (30 June 2009) - Refer note 25.01		575 958
Reversal of PPE on 1 July 2008 not supported by a fixed asset register		(245 454 252)
Reversal of fixed assets previously recognised in 2008/2009 not supported by a fixed asset register		(23 948 387)
Recognition of assets financed from grants		19 319 736
Recognition of assets financed from own revenue		1 154 981
		<b>(248 351 963)</b>

**26.12 Accumulated Surplus**

**Balance previously reported**

Correction of interest received incorrectly debited against surplus - Refer note 26.08	1 676 582	-
Reversal of grant payment not through bank - Refer note 26.1	(250 300)	-
Movement in leave commitment incorrectly debited against surplus - Refer note 27	73 694	-
Correction of unsupported difference between trial balance and financial statements	(651 685)	-
IMFO Appropriations previously disclosed	(848 291)	501 445
Correction of VAT balance on 1 July 2008 - Refer note 26.02	-	(92 846)
Reversal of cheques 11135, 11217 and 11232 - Refer note 26.08	-	4 040
Correction of journal 95 - Refer note 26.08	-	(100)
Reversal of entry 99999 incorrectly passed on 16/2/2009 - Refer note 26.08	-	67 885
Reversal of cheque 12445 and 12540	-	52 750
Reversal of PPE on 1 July 2008 not supported by a fixed asset register	-	(245 490 501)
	<b>0</b>	<b>(244 957 328)</b>

**2009  
R**

**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR REPORTED UNDER IMFO AND GRAP**

**Balance previously reported in IMFO**

**3 644 329**

Government grants and subsidies	19 268 487
Unsupported difference between financial statements and trial balance	(25 631 025)
Reallocation of grant received from DBSA - Refer note 26.05	657 972
Correction of revenue recognition - DWAFF	13 258 508
Correction of revenue recognition - FMG	613 251
Correction of revenue recognition - Cassel Library Grant	243 652
Correction of revenue recognition - MIG	17 467 206
Correction of revenue recognition - MSIG	319 821
Correction of revenue recognition - Drought Relief	110 303
Correction of revenue recognition - Kgalagadi Grants	159 495
Correction of revenue recognition - Refurbishment grant	1 615 204
Correction of revenue recognition - Housing	235 961
Correction of revenue recognition - Transnet Sponsorship	6 557
Correction of revenue recognition - Property register	362 972
Correction of revenue recognition - Sport Development	7 738
Correction of revenue recognition - O & M Water Sedibeng Grant	9 118 183
Correction of revenue recognition - Premises Clearing	722 688
Other Revenue	(282 694)
Capturing of IEC receipts not recorded in 2008/2009 - Note 26.08	1 841
Recognition of tender deposits not captured - Refer note 26.08	600
Recognition of rental of farm land - Refer note 26.08	2 800
Reversal of debtor receipts not supported by entries on the bank statement (April 2009) - Refer note 26.08	(810)
Transfer of telephone charges recovered to general expenses	(287 126)
Contributions to fixed assets	1 154 981
Transfer of 2008/2009 movement to Accumulated Surplus/(Deficit) (Contribution to Reserves) - Note 25.01	1 154 981
Finance charges	(106 164)
Recognition of finance charges on long term liabilities - Refer note 26.05	(42 567)
Recognition of finance charges on finance leases	(63 597)
Capital Charges	40 115
Reversal of incorrect entry to recognise amount payable on 30 June 2009 - Refer note 26.08	22 599
Reallocation of loan repayment from statement of financial performance - Refer note 26.08	17 516



**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Employee related costs	464 085
Unsupported difference between financial statements and trial balance	(2 192 729)
Movement in leave commitment incorrectly debited against surplus - Refer note 26.12	(73 694)
Reversal of cheques 11701, 11712 and 11715 issued in September 2008	1 500
Recognition of employee related cost funded by grants	(1 077 187)
Reallocation of remuneration of councillors	3 806 195
Councillors Remuneration	(3 806 195)
Reallocation of remuneration of councillors from employee related costs	(3 806 195)
Repairs and maintenance	25 342
Recognition of maintenance contract payments not captured - Refer note 26.08	(6 080)
Reversal of direct payment 2886, 2887, 2888, 2889, 2890, 2891, 2892, 2894, 2895, 2897 on 24/10/2008 not through bank not on bank statement - Refer note 26.08	2 756
Reversal of cheque 13348	200 200
Capture June 2009 Direct payments (Maintenance agreements)	(84 077)
Capture May 2009 Direct payments (Maintenance agreements)	(87 457)
Other operating grant expenditure	(23 306 917)
Recognition of grant expenditure in surplus	(23 306 917)
General expenses	26 154 289
Unsupported difference between financial statements and trial balance	26 363 574
Reallocation of lease payments to finance lease liability	271 712
Capturing of fruitless expenditure (VAT scam) - Refer note 26.08	(66 800)
Recognition of bank charges not captured - Refer note 26.08	(6 009)
Reversal of direct payment 2750 and 2804 not on bank statement - Refer note 26.08	3 416
Reversal of direct payment 2886, 2887, 2888, 2889, 2890, 2891, 2892, 2894, 2895, 2897 on 24/10/2008 not through bank not on bank statement - Refer note 26.08	2 795
Reversal of journal 147 incorrectly passed on 19/5/2009 - Refer note 26.08	(4 999)
Reversal of cheques 11360, 11373, 11395 and 11433	1 060
Reversal of cheque 11453	400
Reversal of cheques 11701, 11712 and 11715 issued in September 2008	2 984
Reversal of stale cheque 11994, 11998, 12000, 12002, 12003	5 600
Reversal of cheque 12057	650
Reversal of cheque 12445 and 12540	75
Reversal of cheque 12756 and 12838	2 500
Reversal of cheque 13630 and 13648	10 452
Capture June 2010 Direct payments	(36 807)
Capture May 2010 Direct payments	(129 449)
Reversal of journal 151 and 168 incorrectly passed on 9/6/2009 and 30/6/2009	(16 290)
Recognition of general expenses funded by grants	(537 700)
Reallocation of telephone expenses recovered from other income	287 126
<b>Balance reported in GRAP</b>	<b>23 249 659</b>

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**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**

	<b>2010 R</b>	<b>2009 R</b>
Surplus/(Deficit) for the year	27 208 541	23 249 659
<b>Adjustments for:</b>		
Contribution to employee benefits – current	1 101 645	73 694
Interest income	(1 073 483)	(2 008 564)
Interest expense	114 040	106 164
Operating Surplus/(Deficit) before changes in working capital	27 924 912	21 420 953
Changes in working capital	1 070 889	(4 928 873)
Increase/(Decrease) in Trade and Other Payables	642 213	2 520 967
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	3 893 197	(5 969 269)
Increase/(Decrease) in Taxes	(2 655 864)	(1 844 143)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(800 478)	-
(Increase)/Decrease in Trade Receivables from exchange transactions	(59 843)	264 969
(Increase)/Decrease in Other Receivables from non-exchange transactions	51 664	98 602
<b>Cash generated/(absorbed) by operations</b>	<b>28 995 800</b>	<b>16 492 081</b>

**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

				2010 R	2009 R
29	CASH AND CASH EQUIVALENTS				
	Cash and cash equivalents included in the cash flow statement comprise the following:				
	Call Investments Deposits - Note 17			20 638 166	19 587 158
	Bank - Note 17			8 447 514	15 208 226
	<b>Total cash and cash equivalents</b>			<b>29 085 680</b>	<b>34 795 384</b>
30	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
	Cash and Cash Equivalents - Note 29			29 085 680	34 795 384
	Investments - Note 12			327 050	305 788
				29 412 730	35 101 172
	Less:			28 164 451	24 271 254
	Unspent Committed Conditional Grants - Note 7			28 164 451	24 271 254
	<b>Resources available for woking capital requirements</b>			<b>1 248 280</b>	<b>10 829 918</b>
31	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
	Long-term Liabilities - Note 2			4 479 175	5 218 397
	Used to finance property, plant and equipment - at cost			(4 479 175)	(5 218 397)
				-	-
	Cash set aside for the repayment of long-term liabilities			-	-
	<b>Cash invested for repayment of long-term liabilities</b>			<b>-</b>	<b>-</b>
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of 1% and will be fully redeemed on 30 Junie 2017.				
32	BUDGET COMPARISONS				
		2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
32.1	Operational				
	Revenue by source				
	Government Grants and Subsidies - Capital	29 973 267	31 931 087	(1 957 820)	-6%
	Government Grants and Subsidies - Operational	52 491 358	105 364 327	(52 872 969)	-50%
	Interest Earned - external investments	1 073 483	1 818 542	(745 059)	-41%
	Other Revenue	225 905	(6 324)	232 229	-3672%
		83 764 012	139 107 632	(55 343 620)	-40%
	Expenditure by nature				
	Employee Related Costs	17 822 405	18 016 613	(194 208)	-1%
	Remuneration of Councillors	5 216 727	3 360 000	1 856 727	55%
	Repairs and Maintenance	3 851 032	4 541 664	(690 632)	-15%
	Finance Charges	114 040	614 746	(500 706)	-81%
	Operating Grant Expenditure	12 724 887	63 158 564	(50 433 677)	-80%
	General Expenses	16 252 211	23 094 610	(6 842 399)	-30%
		56 555 471	112 786 197	(56 230 726)	-50%
	<b>Net Surplus for the year</b>	<b>27 208 541</b>	<b>26 321 435</b>	<b>887 106</b>	<b>3%</b>

**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
<b>32.2 Expenditure by Vote</b>				
Council	7 089 341	#N/A	#N/A	#N/A
Municipal Manager	1 831 161	2 301 458	(470 297)	-20%
Corporate Services	7 618 120	5 756 815	1 861 305	32%
Community Services	2 151 554	2 066 512	85 042	4%
Finance	2 942 267	4 380 747	(1 438 480)	-33%
Technical Services	5 703 108	12 207 642	(6 504 534)	-53%
Planning & Development	1 960 263	1 914 416	45 847	2%
Water Service Unit	13 235 885	12 358 160	877 725	7%
Funds	14 023 772	65 571 169	(51 547 397)	-79%
	<b>56 555 471</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
<b>32.3 Capital expenditure by vote</b>				
Corporate Services	418 126	-	418 126	100%
Finance	153 430	-	153 430	100%
Technical Services	3 611 931	18 748 000	(15 136 069)	-81%
Planning & Development	200 700	896 000	(695 300)	-78%
Water Service Unit	547 008	2 000 000	(1 452 992)	-73%
Funds	29 973 267	37 711 000	(7 737 733)	-21%
	<b>34 904 462</b>	<b>59 355 000</b>	<b>(24 450 538)</b>	<b>-41%</b>

<b>33</b>	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>	<b>2010 R</b>	<b>2009 R</b>
<b>33.1</b>	<b><u>Unauthorised expenditure</u></b>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	-	-
	Unauthorised expenditure current year - capita	571 556	-
	Unauthorised expenditure current year - operating	2 869 920	-
	Unauthorised expenditure awaiting authorisation	<b>3 441 476</b>	-

Incident	Disciplinary steps/criminal proceedings
Overexpenditure on votes	None

<b>33.2</b>	<b><u>Fruitless and wasteful expenditure</u></b>		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	66 800	-
	Fruitless and wasteful expenditure current year	300 000	66 800
	Fruitless and wasteful expenditure awaiting condonement	<b>366 800</b>	<b>66 800</b>

Incident	Disciplinary steps/criminal proceedings
Legal case for tender	None
VAT Scam	None

	300 000	-
		66 800
	<b>300 000</b>	<b>66 800</b>

<b>33.3</b>	<b><u>Irregular expenditure</u></b>		
	None		

**38 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

<b>38.1</b>	<b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>		
	Council subscriptions	100 000	40 292
	Amount paid - current year	(100 000)	(40 292)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>38.2    <u>Audit fees - [MFMA 125 (1)(b)]</u></b>		
Opening balance	-	-
Current year audit fee	875 986	589 747
Amount paid - current year	(875 986)	(589 747)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>38.3    <u>VAT - [MFMA 125 (1)(b)]</u></b>		
Opening balance	3 425 095	1 580 952
Amounts received - current year	(5 583 529)	(5 411 195)
Amounts claimed - current year	8 239 393	7 255 338
<b>Closing balance</b>	<b>6 080 959</b>	<b>3 425 095</b>
<p>VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.</p> <p>All VAT returns have been submitted by the due date throughout the year</p> <p>Refer to note 8 for further disclosure regarding the balances receivable from and payable to SARS</p>		
<b>38.4    <u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u></b>		
Current year payroll deductions and Council Contributions	3 034 720	2 014 363
Amount paid - current year	(3 034 720)	(2 014 363)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>38.5    <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u></b>		
Current year payroll deductions and Council Contributions	3 991 562	2 585 852
Amount paid - current year	(3 991 562)	(2 585 852)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>38.6    <u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u></b>		
	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
Balance beginning of year	336 799	422 911
Received during the year	-218 269	-86 112
<i>Balance end of year</i>	<b>118 530</b>	<b>336 799</b>
<b>38.7    <u>Non-Compliance with Supply Chain Management Regulations</u></b>		
<p>Non-compliance with the Supply Chain Management Regulations were identified on the following categories:</p> <p>There were non-compliance with the allocation of the following tenders during the year</p> <p style="padding-left: 40px;">Tender B38/2009 Tender B49/2010</p>		
<b>38.8    <u>Other non-compliance</u></b>		
<p>Section 126 of MFMA - The municipality must prepare and submit the annual financial statements within 2 months after year end to the Auditor General for auditing. The annual financial statements was only signed on the 3 February 2011 and submitted to the Auditor General.</p>		

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>39 CAPITAL COMMITMENTS</b>		
<b>Commitments in respect of capital expenditure:</b>		
Approved and contracted for:	36 763 546	23 948 387
Approved but not yet contracted for	22 591 454	27 918 211
<b>Total</b>	<b>59 355 000</b>	<b>51 866 597</b>
 This expenditure will be financed from:		
External Loans	1 092 000	1 250 000
Government Grants	57 367 000	50 616 597
District Council Grants	896 000	-
	<b>59 355 000</b>	<b>51 866 597</b>

**40 FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2009 - 0.5%) Increase in interest rates	258 288	153 806
0.5% (2009 - 0.5%) Decrease in interest rates	(129 144)	(153 806)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

No trade and other receivables are pledged as security for financial liabilities.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010 R</b>	<b>2009 R</b>
Financial assets exposed to credit risk at year end are as follows		
Trade receivables and other receivables	20 100	586 089
Cash and Cash Equivalents	29 085 680	34 795 384
Unpaid conditional grants and subsidies	800 478	-
	<u>29 906 258</u>	<u>35 381 473</u>

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>Over 10 Years</b>
<b>2010</b>				
Long Term liabilities	968 935	2 523 122	1 178 841	-
Capital repayments	895 268	2 419 719	1 164 188	-
Interest	73 667	103 403	14 653	-
Trade and Other Payables	5 038 543	-	-	-
Unspent conditional government grants and receipts	27 363 973	-	-	-
	<u>34 340 386</u>	<u>5 046 244</u>	<u>2 357 682</u>	<u>-</u>
<b>2009</b>				
Long Term liabilities	963 814	2 774 742	1 768 261	-
Capital repayments	857 248	2 623 499	1 737 650	-
Interest	106 565	151 243	30 611	-
Trade and Other Payables	4 384 516	-	-	-
Unspent conditional government grants and receipts	24 271 254	-	-	-
	<u>29 619 584</u>	<u>2 774 742</u>	<u>1 768 261</u>	<u>-</u>

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**FINANCIAL INSTRUMENTS**

**2010  
R**                      **2009  
R**

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

**41.1 Financial Assets**

**Classification**

**Investments**

Fixed Deposits	Held to maturity	327 050	305 788
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**Consumer Debtors**

Trade receivables from exchange transactions	Loans and receivables	-	514 326
Other receivables from non-exchange transactions	Loans and receivables	20 100	71 764

**Unspent Conditional Grants and Receipts**

Other Spheres of Government	Loans and Receivables	800 478	-
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**Short-term Investment Deposits**

Call Deposits	Held to maturity	20 638 166	19 587 158
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**JOE MOROLONG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

		<b>2010 R</b>	<b>2009 R</b>
<b>Bank Balances and Cash</b>			
Bank Balances	Held to maturity	8 447 514	15 208 226
		<b>30 233 308</b>	<b>35 687 261</b>

**SUMMARY OF FINANCIAL ASSETS**

Loans and receivables		820 578	586 089
Held to maturity		29 412 730	35 101 172
		<b>30 233 308</b>	<b>35 687 261</b>

<b>41.2</b>	<b><u>Financial Liability</u></b>	<b><u>Classification</u></b>		
	<b>Long-term Liabilities</b>			
	Annuity Loans	At amortised cost	3 975 017	4 520 580
	Capitalised Lease Liability	At amortised cost	504 158	697 817
	<b>Trade Payables</b>			
	Trade creditors	At amortised cost	5 038 543	4 015 143
	Retentions	At amortised cost	-	270 001
	Other Creditors	At amortised cost	10 785	99 372
	<b>Unspent Conditional Grants and Receipts</b>			
	Other Spheres of Government	At amortised cost	28 164 451	24 271 254
	<b>Current Portion of Long-term Liabilities</b>			
	Annuity Loans	At amortised cost	551 032	545 563
	Capitalised Lease Liability	At amortised cost	344 235	311 685
			<b>38 588 221</b>	<b>34 731 416</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>			
	At amortised cost		<b>38 588 221</b>	<b>34 731 416</b>

**42 EVENTS AFTER THE REPORTING DATE**

None

**43 IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

**44 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**45 CONTINGENT LIABILITY**

Legal costs	90 000	-
Total contingent liabilities	<b>90 000</b>	<b>-</b>

**46 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**46.1 Compensation of key management personnel**

The compensation of key management personnel is set out in note 20 to the Annual Financial Statements

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 46.2 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest

None

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## RETIREMENT FUNDS

CAPE JOINT PENSION FUND

Both the Cape Joint Pension Fund and Cape Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. In terms of IAS 19, multi-employer plans are defined as defined benefit plans. IAS 19 also state that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in IAS 19.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2008 - 106.5%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2009 financial year.

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2008 - 103.3%).

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future.

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## TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

## 48.1 GRAP 19 - Provisions, contingent liabilities and contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.

The municipality is currently in a process of measuring all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

## 48.2 GRAP 100 - Non-current assets and discontinued operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not measured in terms of the transitional provisions relating to those standards.



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**48.3 GRAP 16 - Investment Properties**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Investment Properties.

The municipality is currently in the process of measuring all Investment Properties and have valued them in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

**48.4 GRAP 102 - Intangible Assets**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure or measure all the Intangible Assets in accordance with the standard, including the following:

- \* Computer Software;
- \* Intangible assets financed by way of finance leases
- \* Intangible assets transferred as a result of the transfer of functions; and
- \* Servitudes.

The municipality is currently in the process of measuring all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being measured as Property, Plant and Equipment.

**48.5 GRAP 12 - Inventories**

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure the following inventories:

Land held for sale  
Water

The municipality is currently in the process of measuring all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 9 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

## Reconciliation of Carrying Value

	Opening Balance R	Cost Additions R	Closing Balance R	Carrying Value R
Land and Buildings	1 066 525	-	1 066 525	1 066 525
Infrastructure	17 839 990	32 283 189	50 123 179	50 123 179
Community Assets	293 686	-	293 686	293 686
Lease Assets	1 038 889	153 430	1 192 319	1 192 319
Other Assets	1 850 474	2 467 843	4 318 317	4 318 317
	<b>22 089 565</b>	<b>34 904 462</b>	<b>56 994 027</b>	<b>56 994 027</b>

30 JUNE 2009

## Reconciliation of Carrying Value

	Opening Balance R	Cost Additions R	Closing Balance R	Carrying Value R
Land and Buildings	-	1 066 525	1 066 525	1 066 525
Balance previously reported	31 060 359	596 203	31 656 562	31 656 562
Correction of error - Refer note 26.11	-31 060 359	470 322	-30 590 037	-30 590 037
Infrastructure	-	17 839 990	17 839 990	17 839 990
Balance previously reported	195 149 958	22 850 924	218 000 882	218 000 882
Correction of error - Refer note 26.11	-195 149 958	-5 010 934	-200 160 892	-200 160 892
Community Assets	-	293 686	293 686	293 686
Balance previously reported	10 394 105	-	10 394 105	10 394 105
Correction of error - Refer note 26.11	-10 394 105	293 686	-10 100 419	-10 100 419
Lease Assets	328 409	710 480	1 038 889	1 038 889
Balance previously reported	-	-	-	-
Change in Accounting Policy - Refer note 25.06	328 409	710 480	1 038 889	1 038 889
Other Assets	-	1 850 474	1 850 474	1 850 474
Balance previously reported	8 849 829	501 260	9 351 089	9 351 089
Correction of error - Refer note 26.11	-8 849 829	1 349 214	-7 500 615	-7 500 615
	<b>328 409</b>	<b>21 761 156</b>	<b>22 089 565</b>	<b>22 089 565</b>

## GRAP 17 - Property, Plant and Equipment

The Property, Plant and Equipment (PPE) register compiled in terms of the previous basis of accounting (IMFO) does not provide sufficient details to recognise PPE on a reasonable basis. The Municipality resolved to reconstruct the PPE register during the transitional period provided for in Directive 4, issued by the Accounting Standards Board (ASB), on the basis of a deemed cost determined in terms of Directive 7 issued by the ASB. The Municipality further resolved to recognise all PPE acquired during the previous basis of accounting at no value. (See Note 25.11 for more information). It is expected that the process of reconstructing the PPE register will be completed by 30 June 2012. The Municipality further opted not to recognise any depreciation for the period reported on, in terms of Directive 4.

No property, plant and equipment is used as security for long term liabilities, except asset acquired in terms of a finance lease agreement as disclosed in Appendix A to the financial statements

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Property, Plant and Equipment as indicated in the first paragraph above.

The municipality therefore also utilised the transitional provision in the following areas:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

**APPENDIX A - Unaudited**  
**JOE MOROLONG LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 JUNE 2009</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 JUNE 2010</b>
<b>ANNUITY LOANS</b>							
DBSA	1%	101251	2017	4 520 580	-	545 563	3 975 017
<b>Total Annuity Loans</b>				<b>4 520 580</b>	<b>-</b>	<b>545 563</b>	<b>3 975 017</b>
<b>LEASE LIABILITY</b>							
Finance Leases				697 817	153 430	347 089	504 158
<b>Total Lease Liabilities</b>				<b>697 817</b>	<b>153 430</b>	<b>347 089</b>	<b>504 158</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>5 218 397</b>	<b>153 430</b>	<b>892 652</b>	<b>4 479 175</b>

**APPENDIX B - Unaudited**  
**JOE MOROLONG LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**  
**MUNICIPAL VOTES CLASSIFICATION**

<b>2009 Actual Income R</b>	<b>2009 Actual Expenditure R</b>	<b>2009 Surplus/ (Deficit) R</b>		<b>2010 Actual Income R</b>	<b>2010 Actual Expenditure R</b>	<b>2010 Surplus/ (Deficit) R</b>
674 481	(6 260 826)	(5 586 346)	Council	1 270 687	(7 089 341)	(5 818 654)
-	(1 995 418)	(1 995 418)	Municipal Manager	111 489	(1 831 161)	(1 719 672)
-	(5 643 569)	(5 643 569)	Corporate Services	3 942	(7 618 120)	(7 614 178)
-	(3 189 954)	(3 189 954)	Community Services	-	(2 151 554)	(2 151 554)
31 159 381	(2 201 030)	28 958 351	Finance	37 225 817	(2 942 267)	34 283 551
18 287	(6 658 948)	(6 640 661)	Technical Services	36 126	(5 703 108)	(5 666 982)
-	(1 984 480)	(1 984 480)	Planning & Development	-	(1 960 263)	(1 960 263)
12 000	-	12 000	London Farm 273	12 000	-	12 000
-	-	-	Water Service Unit	1 106 912	(13 235 885)	(12 128 973)
44 241 540	(24 921 804)	19 319 736	Funds	43 997 039	(14 023 772)	29 973 267
76 105 688	(52 856 029)	23 249 659	Sub Total	83 764 012	(56 555 471)	27 208 541
-	-	-	Less Inter-Departmental Charges	-	-	-
<b>76 105 688</b>	<b>(52 856 029)</b>	<b>23 249 659</b>	<b>Total</b>	<b>83 764 012</b>	<b>(56 555 471)</b>	<b>27 208 541</b>

**APPENDIX C - Unaudited**  
**JOE MOROLONG LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

<b>2009 Actual Income R</b>	<b>2009 Actual Expenditure R</b>	<b>2009 Surplus/ (Deficit) R</b>		<b>2010 Actual Income R</b>	<b>2010 Actual Expenditure R</b>	<b>2010 Surplus/ (Deficit) R</b>
674 481	(8 256 245)	(7 581 764)	Executive & Council	1 382 176	(8 920 501)	(7 538 326)
31 159 381	(7 844 599)	23 314 782	Finance & Admin	37 229 759	(10 560 387)	26 669 372
-	(3 189 954)	(3 189 954)	Community & Social Services	-	(2 151 554)	(2 151 554)
18 287	(8 643 428)	(8 625 141)	Planning & Development	36 126	(7 663 371)	(7 627 245)
-	-	-	Water	1 106 912	(13 235 885)	(12 128 973)
12 000	-	12 000	Other	12 000	-	12 000
44 241 540	(24 921 804)	19 319 736	Funds	43 997 039	(14 023 772)	29 973 267
						-
76 105 688	(52 856 029)	23 249 659	Sub Total	83 764 012	(56 555 471)	27 208 541
-	-	-	Less Inter-Departmental Charges	-	-	-
<b>76 105 688</b>	<b>(52 856 029)</b>	<b>23 249 659</b>	<b>Total</b>	<b>83 764 012</b>	<b>(56 555 471)</b>	<b>27 208 541</b>



**APPENDIX D - Unaudited**  
**JOE MOROLONG LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2009	Correction of error	Restated balance 01-Jul-09	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2010
<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Equitable Share	-	-	-	38 467 586	38 467 586	-	-
Valuation Roll	1 574 196	-	1 574 196	-	-	-	1 574 196
Social Development	2 400 000	-	2 400 000	-	1 388 240	-	1 011 760
Grant Cassel	169 288	-	169 288	-	256 505	-	(87 217)
Finance Management Grant	377 498	6 431	383 929	1 000 000	1 102 462	45 194	236 273
Kgalagadi Grants	793 991	-	793 991	-	25 538	-	768 453
DWAFF	5 756 148	(2 513 501)	3 242 647	5 309 254	8 882 978	140 159	(471 236)
Drought Relief	360 145	-	360 145	-	-	-	360 145
Sports Development	58 486	-	58 486	292 000	-	-	350 486
MIG	0	12 537 714	12 537 714	34 129 000	-	28 786 084	17 880 630
Refurbishment Grant	1 067 366	-	1 067 366	-	-	-	1 067 366
Municipal System Improvement	103 879	-	103 879	850 000	265 298	-	688 581
Transnet Donation	17 200	-	17 200	-	10 915	-	6 285
Premises Clearing Project	(254 252)	262 577	8 325	-	-	-	8 325
Heuningvlei Bulk Water supply	-	-	-	759 804	-	1 001 829	(242 025)
ACIP Water and Sanitation	-	-	-	4 749 699	2 090 000	-	2 659 699
Housing Grants	-	1 554 087	1 554 087	-	1 835	-	1 552 252
<b>Total</b>	<b>12 423 946</b>	<b>11 847 308</b>	<b>24 271 254</b>	<b>85 557 343</b>	<b>52 491 358</b>	<b>29 973 267</b>	<b>27 363 973</b>